

1

2

5

6

12

15

16

19

22

1 Section 12 below, and the disciplinary expulsion provisions of Section 13 below, Sector membership
2 shall expire at the conclusion of each fishing year, unless renewed by the Board in accordance with the
3 Sector's Bylaws and this Agreement. The Sector's members (the "Members"), such Members' "Limited
4 Access Multispecies Permit" (LA MS) as identified by its "Moratorium Rights Identifier" (MRI), and the
5 vessels that will harvest the Sector's Amendment 16 allocations are identified on the attached Exhibit C,
6 which may be amended from time to time in accordance with this Agreement and the Sector's Bylaws.

7 2.1. Rule of Three Requirement: Amendment 16 to the NE multispecies FMP
8 defines a sector as a group of three or more persons, none of whom have an ownership interest in the
9 other two persons in the sector. This criterion has been fulfilled with permit # 149675 under the distinct
10 ownership of F/V EMILIE INC., permit # 150666 under the distinct ownership of Boston Sustainable
11 Fishing Preservation Fund., and permit # 150592 under the distinct ownership of The Gloucester Fishing
12 Community Preservation Fund, Inc. Documentation of fulfillment of this criterion for FY 2020 will be
13 located in Exhibit I of this Agreement and will be furnished by the Sector in accordance with NMFS
14 guidance and schedule pertaining to bi-annual operation plan submission.

15 3. Member and Vessel Permits. The attached Exhibit D is provided in accordance with
16 the requirements of Amendment 16 that all state and federal permits held by Members or assigned to
17 Members' vessels be disclosed in each sector's annual operations plan. Documentation of fulfillment of
18 this criterion for FY 2020 will be located in Exhibit I of this Agreement and will be furnished by the
19 Sector in accordance with NMFS guidance and schedule pertaining to bi-annual operation plan
20 submission.

21 4. Sector Allocation and Exemptions. Each Member shall take all actions and execute all
22 documents necessary to obtain the Sector's Amendment 16 annual catch entitlement ("ACE"). The
23 Sector shall request all universal exemptions granted to sectors under Amendment 16 and relating
24 multispecies implementing regulations; and any special exemptions the Board deems appropriate. The
25 special exemptions initially requested by the Sector are identified on the "Harvesting Rules" attached
26 hereto as Exhibit A.

27 5. Distribution of Sector ACE. Each Member acknowledges that the Sector's ACE is
28 composed of allocations for each species of Northeast multispecies groundfish allocated by Amendment
29 16 (each such species being an "Allocated Species"), and any subsequent Framework or Amendment.
30 Subject to the terms and conditions of this Agreement, each Member shall be entitled to harvest or

1 transfer an amount of the Sector's ACE, as adjusted by the Sector for retainages including but not
2 limited to the Reserve, for each Allocated Species proportionate to the amount of ACE for such species
3 that the Sector receives as a result of such Member's membership in the Sector. The amount of Sector
4 ACE a Member may harvest or transfer, as adjusted by transfers and Sector retainages including but not
5 limited to the Reserve, made in accordance with this Agreement, is referred to hereafter as a Member's
6 "Harvest Share." Each Member may harvest or transfer its Harvest Share only under the terms and
7 conditions of this Agreement and in compliance with the restrictions imposed by the Manager (as
8 defined below), the Enforcement Committee (as defined below) and the Board in accordance with this
9 Agreement. Any other attempted harvest or transfer of a Member's Harvest Share shall be a breach of
10 this Agreement.

11 6. Sector Manager and Registered Agent. The Board shall from time to time appoint a
12 person to act as the Sector's authorized agent in all NMFS and New England Fishery Management
13 Council matters (the "Manager"), and a person to serve as the registered agent for receiving service of
14 process on behalf of the Sector (the "Registered Agent"). The procedures for appointing the Manager
15 and the Registered Agent shall be as provided in the Sector's Bylaws, as the same may be amended from
16 time to time. The Manager and the Registered Agent may be the same person. The Manager shall be
17 responsible for preparing and filing all reports required of the Sector under Amendment 16 and the
18 related implementing regulations. Vito Giacalone will serve as the registered agent for receiving service
19 of process on behalf of the Sector. The Sector will notify NMFS prior to May 1, 2019 who will be acting
20 as their Manager for FY 2019. Documentation of fulfillment of this criterion for FY 2020 will be located
21 in Exhibit I of this Agreement and will be furnished by the Sector in accordance with NMFS guidance and
22 schedule pertaining to bi-annual operation plan submission.

23 6.1. Communication with Sector. The Manager is the primary point of contact
24 for all communications on behalf of the Sector and all communications regarding NEFS IV should be
25 directed accordingly. In addition to the Sector Manager Paula Sullivan is authorized to act on behalf of
26 the Sector. At the time in which this Agreement is entered into, the Board of Directors are as follows:

27 President: Vito Giacalone
28 Treasurer: Jackie Odell
29 Clerk: Dale Brown
30 Director: Angela Sanfilippo

1 In the event that the Board of Directors is modified, the Sector will notify NMFS of such modifications.
2 Additionally, a list of current Board members can also be located at the following link.

3 <http://corp.sec.state.ma.us/corpweb/corpsearch/CorpSearch.aspx>

4 7. Consolidation Plan. The Sector's ACE shall be harvested in accordance with the terms
5 and conditions of this Section 7.

6 7.1. Harvest Share Reserve. No Reserve is required for FY 2019. Sector Members
7 will not harvest sector ACE. The sector manager will utilize Inter and Intra sector transfers to move ace
8 between members and to fully utilize the ACE allocated to the Sector.

9 7.2. Harvest Share Use. This Sector is comprised of non-active Members only,
10 who shall not harvest Sector ACE, including without limitation, their own Harvest Share. Members may
11 transfer (lease) harvest share between members and the sector manager will execute transfers of sector
12 ACE through inter-sector leasing.

13 7.3. Harvest Share Transfer. Subject to the terms and conditions of this
14 Agreement, each Member may transfer some or all of such Member's Harvest Share to one or more
15 **Active Member(s)** on such terms and conditions as the transferor Member and the transferee **Active**
16 **Member(s)** may agree. No transfer of a Member's Harvest Share shall become effective until the
17 Manager has received actual notice of such transfer. No Member may transfer any portion of such
18 Member's Harvest Share, or interest in the Sector's ACE, to any person other than an **Active Member**
19 unless the Board first authorizes such transfer in writing. Any such transfer shall be subject to such
20 terms and conditions as the Board may adopt from time to time, including but not limited to
21 establishment of procedures to implement a Right of First Offer (the "ROFO") that is extended to **Active**
22 **Members** of the Sector, **Active Members** of other Northeast Fishery Sectors, and certain other parties in
23 accordance with the terms and conditions established by the Board. Without limiting the foregoing, the
24 Sector Board of Directors may condition, review, approve and restrict transfers of Harvest Shares to
25 non-Members as it deems necessary to promote the harvest of the Sector's entire ACE allocation and
26 ensure that the Sector's management and administrative costs can be recouped through reasonable
27 Sector membership fees established by the Board.

28 7.4. Harvesting Rules and Fishing Plan. The Board may from time to time adopt
29 such restrictions on harvest of the Sector's ACE as the Board deems necessary to ensure the Sector's

1 compliance with Amendment 16 and related implementing regulations (such restrictions referred to
2 hereafter as “Harvesting Rules”). The Harvesting Rules are set forth on **Exhibit A**. Each **Active Member**
3 shall conduct their harvest of the Sector’s ACE in strict compliance with the Harvesting Rules. Each
4 Member shall exercise their best efforts to ensure such Member’s Harvest Share is harvested in
5 accordance with the Harvesting Rules. The Manager shall annually develop a Sector fishing plan that
6 promotes harvest of the Sector’s ACE in accordance with the Harvesting Rules and shall make the Fishing
7 Plan available to Active Members prior to the commencement of the fishing season. There will be no
8 Active Members enrolled in NEFS IV for FY 2019.

9 7.5. Re-direction of Effort. During FY 2017, and during the first quarter of FY
10 2018 none of the MRI’s enrolled in NEFS IV were associated with vessels that harvested fish. During FY
11 2019, NEFS IV anticipates that no redirection of effort will take place.

12
13 7.6. Sector Vessel Interactions with Allocated Species in Non-Amendment 16
14 Fisheries. NA

15 7.7. Consolidation and Redistribution of ACE: Scientific recommendations and
16 new Magnuson requirements will influence the level of consolidation that will take place in the
17 groundfish fishery. The Sector members intend to utilize sector management to mitigate excessive
18 consolidation that may occur in the effort controlled system where overall management measures are
19 based upon the weakest stocks. In FY 2018, 0% of the permits enrolled in the NEFS IV for FYs 2018 and
20 2019 are attached to vessels actively fishing for NE multispecies. For FYs 2019 and 2020, the NEFS IV
21 sector has 50 permits currently enrolled. The member permits that are not attached to active NE
22 multispecies vessels in FY 2018 are primarily the same permits that leased out their harvest share since
23 FY 2010 and their DAS allocations in FY 2009. NEFS IV will lease a majority of its Sectors ACE to NEFS II
24 and NEFS III, for utilization by active vessels enrolled in these sectors. This leasing will have the net
25 positive effect of minimizing the potential of consolidation of active vessels enrolled in those sectors
26 that have historically participated in the multispecies fishery

27 8. Release of Catch Data. Pursuant to section 402(b)(1)(F) of the Magnuson-Stevens
28 Fishery Conservation and Management Act, 16 U.S.C. § 1881a(b)(1)(F), the undersigned hereby
29 authorizes the release to the Manager, and/or designated sector employee(s) of the IV, Northeast
30 Fishery Sector Inc., the Program Director of the Northeast Sector Service Network, and the FishTrax

1 Programmer, information that may be or is considered to be confidential or privileged by the
2 Magnuson-Stevens Act or other federal law regarding the catch of various species of fish associated with
3 the limited access Northeast multispecies permit with the Moratorium Right Identifiers (MRIs) enrolled
4 in the Sector submitted to the National Marine Fisheries Service that the undersigned has authority to
5 access. This information includes data required to be submitted or collected by NMFS, on an individual
6 MRI and/or aggregated scale, including but not limited to days-at-sea allocation and usage, vessel trip
7 reports, dealer reports, Northeast Federal Observer Program data, catch and landings history data for all
8 species harvested by the vessel/MRI, Sector at-sea monitoring data, protected species
9 takes/interactions, enforcement data, vessel baseline data (length, horsepower, etc), VMS information,
10 and all other information associated with the vessel, MRI #, and/or permit records. In addition, this
11 information includes data for species not managed under the multispecies FMP.

12 All confidential Sector data may be released to the Sector Manager, and/or designated sector
13 employee(s), the Program Director of the Northeast Sector Service Network, and the FishTrax
14 Programmer. This statement applies to all confidential data for a two-year time period encompassing
15 FYs 2019 and 2020.

16 9. Catch Monitoring and Reporting. Each **Active Member** shall comply with all catch
17 monitoring and reporting requirements established by the Manager, which may include but are not
18 limited to maintaining and filing copies of accurate catch logs, carrying fishery observers, installing and
19 operating electronic vessel and catch monitoring equipment, delivering fish only at pre-approved
20 landing stations at pre-approved times, and completing and filing accurate delivery reports on a timely
21 basis. Without limiting the foregoing, each **Active Member** shall submit on a timely basis all catch
22 information as required by and necessary for the Manager to complete and file the Sector's weekly
23 reports. Each **Active Member's** harvest of Sector ACE shall be calculated and tabulated in accordance
24 with the catch accounting measures established by NMFS with respect to the Sector's ACE. Absent
25 manifest error, the catch and delivery information produced by the Manager shall be presumed
26 accurate, and absent manifest error, each Member's obligations under this Agreement and all related
27 documents may be enforced to their fullest extent on the basis of such information.

28 10. Breach and Remedies for Breach. The benefits associated with Sector membership
29 will only accrue to the Members if each of them strictly complies with this Agreement. Each Member
30 will make significant operational and financial commitments based on this Agreement, and any
31 Member's failure to fulfill any of its obligations under this Agreement could have significant adverse

consequences for some or all other Members. Any failure by a Member to fulfill any of its obligations under this Agreement shall constitute a breach of this Agreement. Each Member shall be bound by the procedures set forth in this Section for determining whether a Member has breached this Agreement. The Sector shall be entitled to the remedies set forth in this Section if a Member is determined by the Sector to have breached this Agreement. Each Member shall take all actions and execute all documents the Manager deems necessary or convenient to give effect to the provisions of this Section.

10.1. Liquidated Damages Schedule and Schedule Amendments. NA

10.2. Enforcement Committee. Not less than one hundred twenty (120) days prior to each annual Northeast multispecies groundfish season opening date (the "Season Opening Date"), the Manager shall call a meeting of the Board to appoint the Enforcement Committee for the upcoming year, and to address any other matters of Sector business properly before the Board. The Board shall meet for those purposes not less than ninety (90) days prior to the Season Opening Date, and at such meeting shall appoint an Enforcement Committee composed of five (5) persons. If the Board fails to do so, the Manager shall appoint the Enforcement Committee. The Enforcement Committee shall assist the Manager in setting and updating the liquidated damages amounts for breaches of this Agreement and shall hear and decide Members' appeals of the Manager's contract breach determinations and liquidated damages assessments.

10.3. Liquidated Damages Base Value and Multiplier Adoption. NA.

10.4. Liquidated Damages Calculation. NA.

10.5. Notice to Vessel Masters; Assumption of Liability. NA.

10.6. Liquidated Damages Security. NA.

10.7. Manager Action in Response to Apparent Breach. The Manager shall monitor the Members' compliance with the terms and conditions of this Agreement. If the Manager becomes aware of an apparent breach of this Agreement by a Member, the Manager shall investigate the matter, and if the Manager concludes that a Member has breached this Agreement, the Manager shall notify such Member of the apparent breach and (if such breach is reasonably susceptible of cure) provide such Member with an opportunity to cure the breach. If such Member fails to demonstrate to the Manager, in the Manager's sole and absolute discretion, that no breach occurred, or to cure the breach within the time period directed by the Manager, taking into account the magnitude of the

1 breach and the potential consequences of the breach for the Sector and the other Members, the
2 Manager shall notify the Member in writing that the Manager is referring the alleged breach to the
3 Enforcement Committee, and shall notify the Enforcement Committee in writing of the alleged breach
4 and the proposed liquidated damages. Pursuant to Section 14, below, if during the investigation, notice
5 and cure period described above, the Manager concludes it is necessary for the protection of the
6 interests of the Sector and its Members, the Manager may issue a "Stop Fishing Order" to the Member
7 in apparent breach, and if such Member fails to cause the vessels harvesting its Harvest Share to
8 immediately stop fishing, the sector manager may take any action he/she deems necessary including
9 without limitation, self-help or court action which may include the seeking of injunctive relief.

10 10.8. Member Appeals. NA.

11 10.9. Voluntary Compliance. In connection with breaches of this Agreement for
12 which a Member is liable to the Sector or other Sector Members for liquidated damages, the Sector shall
13 provide the breaching Member fifteen (15) days prior notice of its intent to exercise its rights of
14 collection, during which period the Member may propose an alternative method of compensating the
15 Sector and other Sector Members for the damages suffered as the result of such Member's breach. The
16 Enforcement Committee may approve or disapprove any alternative form of compensation in its sole
17 discretion, provided that if the breach at issue is an overharvest of a Member's Harvest Share, there
18 shall be no liquidated damages imposed if the Member in breach obtains sufficient Harvest Share from
19 other Members to offset the overharvest, and tenders conclusive evidence to that effect to the
20 Enforcement Committee. Such Member shall nevertheless remain liable for the costs and fees incurred
21 by the Sector in connection with the alleged breach, and the Sector shall be entitled to collect such costs
22 and fees if such Member fails to pay the same within ten (10) days of receiving the Sector's demand for
23 payment.

24 10.10. Liquidated Damages Collection and Related Expenses. NA.

25 10.11. Consequential Damages for Gross Negligence or Willful Misconduct. NA.

26 10.12. Distribution of Damages. NA.

27 11. Joint Liability and Indemnification. Each Member acknowledges that the Sector's
28 Members may be held jointly liable for ACE overages, discarding of legal-sized fish and misreporting of
29 catch landings or discards. Further, each Member acknowledges that should a hard total allowable

1 catch ("TAC") allocated to the Sector be exceeded in a given fishing year, the Sector's allocation will be
2 reduced by the overage in the following fishing year, and the Sector, each vessel participating in the
3 Sector and each vessel operator and/or vessel owner participating in the Sector may be charged, as a
4 result of said overages, jointly and severally for civil penalties and permit sanctions pursuant to 15 C.F.R.
5 Part 904, and that if the Sector exceeds its TAC in more than one (1) fishing year, the Sector's ACE may
6 be permanently reduced or the Sector's authorization to operate may be withdrawn.

7 In consideration of the foregoing, each Active Member agrees to indemnify, defend and hold the Sector
8 and all other Members harmless from and against all liabilities, claims, fines, penalties and forfeitures of
9 any nature whatsoever arising out of or related to any breach of this Agreement related to such Active
10 Member's harvest of Sector ACE, and each Member agrees to indemnify, defend and hold the Sector
11 and the other Members harmless from and against all liabilities, claims, fines, penalties and forfeitures
12 of any nature whatsoever arising out of or related to such Member's breach of this Agreement. Each
13 Member's indemnification obligation under this Section 11 is separate from and in addition to each
14 Member's liquidated damages and consequential damages obligations under Section 10, above. Each
15 Member authorizes the Board to require that a Member's obligations under this Section 11 be secured
16 by a surety.

17 12. Membership Termination. No Member may terminate its membership in the Sector
18 other than in accordance with this Section 12. A Member that has agreed to join the Sector prior to the
19 Effective Date may withdraw from Sector membership prior to the Effective Date without penalty or
20 prejudice. Thereafter, only a Member that is not in breach of this Agreement and that has no
21 outstanding Sector performance or payment obligations may terminate its membership in the Sector,
22 and may do so only in compliance with the terms and conditions of this Section 12. Notwithstanding the
23 foregoing, the Board may terminate the membership of a Member in breach of its payment or
24 performance obligations under this Agreement, as the Board deems appropriate in its sole discretion.

25 Subject to the provisions of this Section 12 regarding withdrawal prior to the Effective Date, above, a
26 Member that is eligible to terminate such Member's Sector membership may do so only by providing
27 written notice to that effect to all other Members on or before February 18, 2015 or such date as the
28 Board may from time to time establish for that purpose (the "Termination Date") each fishing year. A
29 Member that fails to provide such notice by the Termination Date shall be deemed to have
30 automatically renewed its Sector membership for the following year, and all other Members shall be
31 entitled to act in reliance on such renewal accordingly. If any Member provides a membership

1 termination notice by the Termination Date, each of the other Members shall have ten (10) days from
2 the date they receive such notice to terminate their membership as well, notwithstanding the
3 Termination Date notice deadline. Termination of membership in the Sector shall be effective as of the
4 final day of the current fishing year.

5 If a Member is in breach of this Agreement or has outstanding Sector payment or performance
6 obligations as of the Termination Date, unless the Board takes action to terminate such Member's
7 membership, such Member's membership shall be deemed renewed for the following year,
8 notwithstanding any notice of withdrawal such Member may give, and the Sector shall have the
9 authority to file an application for a Sector allocation including such Member as a Member of the Sector.
10 Each Member hereby grants the Sector a power-of-attorney, coupled with an interest, for such
11 purposes, and authorizes each of the Sector's officers to take any and all actions and execute any and all
12 documents necessary or convenient to give effect to this provision.

13 Termination of membership shall not relieve a person or entity of any obligations under this Agreement
14 related to the period during which such person or entity was a Member, including but not limited to
15 liquidated damages obligations for breach of this Agreement, consequential damages obligations for
16 breaches resulting from acts of gross negligence or willful misconduct, or indemnification obligations
17 related to such person or entity's actions as a Member.

18 13. Expulsion. A Member may be expelled from the Sector at any time for: (i) a knowing,
19 willful breach of this Agreement; (ii) any alleged breach of this Agreement that is either not appealed
20 pursuant to Section 10.8, or is upheld by the Enforcement Committee after being appealed, and which
21 such Member fails to cure through voluntary compliance approved by the Enforcement Committee
22 pursuant to Section 10.9, or by paying liquidated damages in accordance with Section 10.10; (iii)
23 perpetrating a fishery regulation violation that exposes Sector Members to joint liability for such
24 violation. A Member shall be immediately and automatically expelled from the Sector if such Member
25 ceases to be eligible to participate in the Sector or if such Member engages in conduct that exposes the
26 Sector or other Sector Members to antitrust or unfair trade practice liability. As of the date of expulsion,
27 the expelled Member shall lose all rights to harvest any portion of the Sector's ACE unless the expelled
28 Member is re-admitted. Expulsion shall not relieve a Member of the obligation to pay fees that were
29 levied prior to the date of expulsion, or to pay liquidated damages and costs and fees related to an
30 action or omission by the expelled Member that preceded the date of expulsion. The Sector shall notify
31 NMFS immediately upon a Sector Member's expulsion; by electronic email, followed by posted mail.

1 14. Stop Fishing Order; Injunctive Relief. NA.

2 15. Permit Transfer/Sale. A Member may transfer a Permit to a party other than a
3 Member, subject to a Right of First Refusal (the “ROFR”), which may be adopted or amended from time
4 to time by the Board, in favor of **Active Members** of the Sector, **Active Members** of other Northeast
5 Fishery Sectors, and certain other parties. No Member may transfer such Member’s “LA MS” permit or
6 “MRI” permit to a person who is not an **Active Member** unless such person assumes all of the
7 transferring Member’s obligations under this Agreement as of the effective date of such transfer. A
8 person other than a Member who receives a Member’s “LA MS” permit or “MRI” permit from a Member
9 in accordance with this Section 15 (a “Transferee”) shall only be eligible to participate in the Sector for
10 the balance of the fishing year during which the transfer occurs, and thereafter may only remain a
11 Sector Member if such Transferee applies for and is admitted to Sector membership in accordance with
12 Section 2, above.

13 15.1. The Transferee shall be deemed a **Non-Active Member** of the Sector, with
14 no rights to harvest any Sector ACE, including but not limited to the ACE allocated to the Sector in
15 connection with the assets acquired under the Permit Offer. A Transferee wishing to acquire **Active**
16 **Member** status during the fishing year in which the permit transfer occurred must submit a written
17 request to the Board for consideration. The Board will have the authority to approve, conditionally
18 approve or deny such request.

19 16. Release and Waiver of All Claims against Sector Manager; Indemnification and Hold
20 Harmless. Each Member acknowledges that the effectiveness of this Agreement depends on the
21 Manager exercising reasonable independent business judgment in good faith in reviewing and approving
22 or disapproving Members’ fishing plans, monitoring harvest of the Sector’s ACE, and enforcing the terms
23 and conditions of this Agreement. Each Member hereby waives and releases any and all claims against
24 the Manager arising out of or relating to Manager’s performance under this Agreement, other than
25 those arising solely from the gross negligence or willful misconduct by the Manager, as conclusively
26 determined by a court of final and competent jurisdiction. The Sector and the Members agree to jointly
27 and severally indemnify, defend and hold the Manager harmless from and against any third party claims,
28 damages, fines, penalties and liabilities of any kind whatsoever asserted against the Manager in
29 connection with the Manager’s performance under this Agreement, other than those arising out of gross
30 negligence or willful misconduct by the Manager.

1 17. Sector Membership Fees. At least thirty (30) days prior to the Effective Date, and at
2 least thirty (30) days prior to each annual Termination Date thereafter, the Board shall notify the
3 Members in writing of the amount of Sector membership fees that the Board has adopted for the
4 upcoming year of Sector operations.

5 18. Binding Arbitration. Each Member and the Sector agree to exercise their best good
6 faith commercially reasonable efforts to resolve any disputes arising under this Agreement through
7 direct negotiations. Breaches of this Agreement which are not resolved through direct negotiation shall
8 be submitted to binding arbitration upon the request of any party at interest. Any person nominated as
9 an arbitrator hereunder by any person shall be a person of mature, sound and reasonable business
10 judgment and experience and either have (a) held a federal fishing master license for at least ten (10)
11 years, or (b) been an attorney at law practicing in the area of fisheries for at least ten (10) years.

12 The party's written request for arbitration shall include the name of the arbitrator selected by the party
13 requesting arbitration. The respondent party shall have ten (10) days to provide written notice of the
14 name of the arbitrator it has selected, if any. If the other party timely selects a second arbitrator, the
15 two arbitrators will jointly select a third arbitrator within ten (10) days. If the other party does not
16 timely select the second arbitrator, there shall be only the one arbitrator. The single arbitrator or the
17 three (3) arbitrators so selected will schedule the arbitration hearing as soon as possible thereafter. Any
18 arbitrator must have no material ties to the Sector or any Member. The decision of the arbitrator (or in
19 the case of a three (3) arbitrator panel, the decision of the majority) will be final and binding. The
20 arbitration will be conducted under the rules of (but not by) the American Arbitration Association. The
21 parties will be entitled to limited discovery as determined by the arbitrator(s) in his, her or their sole
22 discretion. All costs of arbitration shall be borne by the party requesting the same. Each party shall bear
23 its own costs of preparation and presentation, unless, in the case of the Sector, the Board determines to
24 assess such costs to the applicable Member, which costs shall be immediately due and payable. In no
25 event will arbitration be available pursuant to this paragraph after the date when commencement of
26 such legal or equitable proceedings based on such claim, dispute, or other matter in question would be
27 barred by an applicable statute of limitations.

28 The final decision of the Arbitrators shall not be subject to review or appeal by any other person,
29 including any court, with the exception of NMFS in its oversight role for the purposes of statutory and
30 regulatory compliance and consistency. Any right to any such appeal is hereby irrevocably waived and

1 relinquished. Such final decision shall bind the parties and shall not require any further action of
2 enforcement or collection once docketed with the records of the Sector. In breach by any Member of
3 performance thereof, the Manager may *sua sponte* and without any notice or hearing issues a Stop
4 Fishing Order or an Order of Expulsion respecting such Member in breach.

5 The Sector shall, without limiting the foregoing rights and procedure, also have the right to enforce
6 any decision against any Member in breach by an action for specific performance, declaratory relief, *lis*
7 *pendens* or any other action in a court of law having jurisdiction of the parties, it being understood and
8 agreed that the Federal court for the District of Massachusetts and the Massachusetts Superior Court
9 for the County where the registered office of the Sector is located shall be deemed to have such
10 jurisdiction

11 19. No Collective Marketing. The Members acknowledge that the Sector has not been
12 formed or qualified as a collective marketing association. The Members therefore agree that nothing in
13 this Agreement shall be construed as permitting or obligating Members to collaborate regarding the
14 processing, marketing or sales of the product produced from catch harvested under their Harvest
15 Shares. Each Member shall conduct all sales of such catch in competition with the other Members, and
16 shall hold ex-vessel price information as confidential from other Members until such information
17 becomes public or until such price information is six months old, unless and until the Sector is properly
18 qualified under State and Federal law as a collective marketing association.

19 20. Amendment and Incorporation by Reference. The Exhibits hereto and the collateral
20 documents referred to herein are and shall all be as the same may be amended from time to time. Any
21 amendments thereto or hereto which are approved by the Board shall, as a condition of further
22 membership of any Member in the Sector be deemed without any requirement of acceptance, consent
23 or execution by any such Member to have been adopted, ratified and confirmed by such Member.

EXHIBIT A: HARVESTING RULES FOR FY 2019 and FY 2020

*The Members and the Participating Vessels of **IV Northeast Fishery Sector, Inc.** agree to be legally bound to follow the Harvesting Rules for the Fishing Year 2019 (May 1, 2019 to April 30, 2020) & Fishing Year 2020 (May 1, 2020 to April 30, 2021) as described herein, in accordance with all provisions of the Sectors Operations Plans and Agreement (herein "Agreement"), notwithstanding those rules and regulations applicable to the common pool Multispecies vessels. The Members and the Participating Vessels will not harvest Sector ACE or engage in other fishing activity for the Fishing Year 2019 . The Sector ACE will only be utilized through Inter-Sector ACE transfers primarily to NEFS II and NEFS III.*

1. ANNUAL CATCH ENTITLEMENT: The members agree that they will not collectively lease/transfer more than the Sector ACE, as adjusted by transfers, for any allocated groundfish stocks. The Annual Catch Entitlement, allocated by NMFS to NEFS IV for FY 2019 & FY 2020 will be available in the Northeast Multispecies Fisheries Sector Operations Plans and Contracts and Allocation of Northeast Multispecies Annual Catch Entitlement Final Rule as published by NMFS.

2. QUOTA MANAGEMENT: Sector members will use a PC based software for collecting data, reporting transfers, and logbook information.

3. DAYS AT SEA: Each participating permit and participating vessel will be allocated Days-At-Sea (DAS) by the Regional Administrator. Sector Member permits will not be subject to the DAS reduction in Amendment 16 for common pool vessels. Members will be required to use a DAS, as specified in controlling FMPs, when conducting fishing operations that are not exempted from DAS usage, for example, when fishing under a monkfish DAS.

4. VESSEL LOGBOOKS (VTRs/e-VTR): All sector members will comply with applicable reporting requirements including submission of Vessel Trip Reports (VTRs). If Electronic Vessel Trip Reports (e-VTRs) are approved by the Regional Administrator, Sector Members will submit e-VTRs in the format required by NERO. Sector Members will execute all documents necessary to meet legal requirements for the purpose of facilitating e-VTR service.

5. WEEKLY/DAILY REPORTS: The Sector Manager, or his/her designated representative, will submit weekly or daily Sector Reports of all landings and discards by sector vessels, to NMFS. The Sector will submit required reports, using the format and procedures prescribed by NMFS. The reports required by NMFS are the *Sector Manager ACE Status Report, Sector Manager Detailed Report, and Sector Manager Trip Issue Report* as codified in §648.87(b)(1)(vi)(B). Specifically, the *Sector Manager Detailed Report* provides information down to the sub-trip level about each sector trip for a given week, regardless of completeness of the data. The information includes stock, gear, mesh categories, landing amounts, discards and total catch. The *Sector Manager Trip Issue Report* provides information about the sector trips for a given week that have enforcement or other issues. The *Trip Issue Report* allows the sector to briefly describe to NMFS any enforcement or reporting

1 compliance issues, violations of the Sectors operations plan and regulation, and general problems
2 with monitoring or sector operations during the reporting period. One *Trip Issue Report* is
3 submitted per reporting period. The *Sector Manager ACE Status Report* documents the ACE status
4 calculations, which allows NMFS to cross check totals as stipulated in Amendment 16. In the event
5 that the Sector triggers daily reporting for a specific allocated stock, the *Sector Manager Daily ACE*
6 *Status will* provide the mean for a sector manager to report their Sectors ACE status calculations on
7 a daily basis if the “trigger point” i.e. thresholds specified in 14.1 have been reached during the
8 current Fishing Year. These reports are cumulative in nature from the start of the fishing year until
9 the current reporting week and are adjusted retroactively as data becomes available or issues
10 documented in JIRA are resolved. JIRA is an issue tracking application implemented by NMFS, which
11 should be used to report all data quality issues to the appropriate people for research and
12 correction process.

13
14 **5.1 REPORTING THRESHOLDS THAT TRIGGER DAILY REPORTING:** The reporting frequency for
15 the sector manager’s ACE Status Report will be increased to daily when 90% of any of the
16 sector’s ACEs is reached. The Sector Manager, or a designated representative, must notify
17 NMFS immediately by email if the threshold that triggers daily reporting has been
18 reached. During the period when a sector has reached or exceeded 90% of any of its ACEs,
19 daily ACE Status and Detailed Reports must be submitted only on a day when a member
20 vessel lands, or when the sector engages in an ACE transfer of a stock that is exceeding the
21 90% threshold.

22
23 An alternative threshold for triggering daily reporting may be implemented during FY 2019
24 or FY 2020 if agreed upon by the sector and NMFS.

25
26 **5.2 ENFORCEMENT ISSUES:** The Members acknowledge that the Sector Manager must include
27 any enforcement or reporting compliance issues, including violations of Operations Plan
28 (excluding those sections identified as administrative provisions in this document as
29 identified in **Exhibit D**); violations of regulations, or general problems with monitoring or
30 sectors operations in their *Trip Issue Report* which is submitted to NMFS weekly.

31
32 **6. ANNUAL REPORT:** Within sixty (60) days of the end of the fishing year the Sector Manager will
33 submit an annual report to NMFS that summarizes: fishing activities of Members, including harvest
34 levels of all species by sector vessels (landings and discards by gear types); enforcement actions; and
35 any other relevant information required to evaluate the performance of the Sector. The actual date
36 of submission will be specified by NMFS, which has been previously based in part on completeness
37 of various data sets including but not limited to final reconciliation of ACE usage and availability of
38 final fishing year data generated by NMFS. In addition, the Annual Report will report the number of
39 sector vessels that fished for regulated groundfish and their permit numbers (when such disclosure
40 does not violate protection of confidentiality); number of vessels that fished for other species;

method used to estimate discards; landing port used by sector vessels while landing groundfish; and any other additional information requested by the Regional Administrator for inclusion in the Annual Report. The Sector will submit required reports using the format and procedures prescribed by NMFS.

- 7. DATA RECONCILIATION:** The Sector Manager will verify that ACE transfers are reconciled with the Sectors that have participated with the sector for consistency. The Sector will receive the data electronically to expedite and automate data reconciliation. If a discrepancy is detected, the Sector Manager will notify the other sector(s) and NMFS of the discrepancy and will note discrepancies on the weekly report until resolved.

8. RESERVED FOR FUTURE USE:

- 9. DATA MANAGEMENT:** The sector vessels will be transmitting catch data electronically via the email messaging component of their VMS units. All data necessary for sector ACE management, including all elements of VTR logbook and daily / weekly reporting requirements will be sent in compressed formats to minimize characters and maximize message capacity. Notwithstanding reporting requirements that cannot be altered by a sectors operations plan, the **Sector's server** will be capable of collecting, storing, converting and relay all data elements necessary to meet all reporting requirements in the formats required by the recipients

The Sector, acting through its Manager, will maintain database(s) of vessel trip reports (VTR), dealer, At-Sea (ASM), and NEFOP Observer reports. In addition, the Sector will maintain any other database it determines necessary for its operations. NMFS will maintain a NEFOP/ASM database and will provide the Sector with data from NEFOP and the ASM program.

- 10. PROOF OF SECTOR MEMBERSHIP:** Upon approval of the Sector, each sector vessel will be issued a Letter of Authorization ("LOA"), which will specify the exemptions that have been approved for the Sector. Each Member agrees that its sector vessels **must** comply with all requirements stipulated in the LOA and all applicable federal regulations and laws not specifically exempted in the LOA.

Furthermore, Member agrees that its sector vessels shall maintain the LOA, and a copy of the Sector Agreement and Harvesting Rules on-board at all times while fishing on a 'sector-trip'.

- 11. SECTOR SPECIFIC EXEMPTIONS:** As referenced in §4.0 of this Agreement all Sectors are granted the following **Universal Exemptions**.

- *Exemption from groundfish DAS requirements, including DAS reductions, differential groundfish DAS counting, the 3/15 rule for gillnets, and 24-hour DAS counting.*
- *Exemption from trip limits on stocks for which a sector receives an allocation, except for the following:*
 - *Halibut: Trip limit would continue to be one fish per trip*
 - *No vessel, whether in the Common Pool or in any sector, would be allowed to possess any windowpane flounder (both stocks), ocean pout, or wolffish on board at any time. When caught, these species must be discarded.*
- *Exemption from additional mortality controls adopted by Amendment 16, including additional seasonal or year-round closures, gear requirements, DAS reductions, differential DAS counting, and/or restricted gear areas.*
- *The Gulf of Maine Cod Protection Closures IV and V.*
- *Exemption from the requirement to use 6.5-inch mesh in the codend in haddock separator trawl/Ruhle trawl when targeting haddock in the Georges Bank Regulated Mesh Area to use 6-inch mesh in the codend.*
- *Exemption from all or a portion of ASM coverage if the vessel is fishing with extra-large mesh gillnets (10-inch or greater mesh) exclusively in Inshore GB or SNE.*

In addition to the Universal Exemptions granted to all Sectors, as referenced above and in §4.0 of this Agreement, **Members agree to abide by the following obligations as specified and authorized in their LOA.**

11.1 DAS Leasing Program Length and Horsepower Restrictions

12. RESERVED FOR FUTURE USE:

13. SECTOR UNDERSTANDING AND ACKNOWLEDGMENTS: Sector Members understand and acknowledge that the following provisions have been interpreted by NMFS as applicable to all operating sectors. Sector Members acknowledge this applicability and where appropriate utilize these universal interpretations within their sector management and operations:

13.1 INTRA-SECTOR DAYS AT SEA (DAS) LEASING: Days at Sea may be leased intra-sector (between members) within the guidelines and procedures contained in the FMP and as amended by Amendment 16. The Sector would accept any future relief in the length and horsepower constraints of the program that may be authorized by the RA in the future.

13.2 INTER-SECTOR DAYS AT SEA (DAS) LEASING: Members who wish to lease Days-at-Sea (DAS) outside of the Sector are authorized under this provision to do so, only with Members of other Sectors whom are similarly exempt. Members acknowledge that such

DAS leasing would not be exempted from existing length and horsepower constraints as currently contained in applicable regulations.

13.3 PAPER VTR: Members acknowledge that they are bound to all applicable reporting requirements. Sector vessels shall continue using paper VTRs for FY 2019 & 2020, as required by regulations. However, electronic vessel trip reporting (e-VTR) systems for transmission and submission of required VTR reports have been authorized by the Regional Administrator using a phased implementation process. The Sector and its Members may utilize e-VTR in accordance with the phased implementation process.

13.4 ADDITIONAL EXEMPTIONS: Members note that NMFS is generating one Environmental Assessment for all sectors seeking authorization for Fishing Year 2019 & 2020, and that NMFS communication has stated that if an exemption is approved for one Sector, all other authorized Sectors can be similarly approved for that specific exemption based on the terms and conditions of the originally requesting sector. In light of this understanding, NEFS IV will request authorization for such exemptions it deems beneficial for its operations, prior to the publication of the final authorizing rule.

13.4.1 Furthermore, NMFS has indicated that Sectors will be afforded the opportunity to request additional exemptions for the 2nd year of operations i.e. FY 2020 in accordance with a supplemental schedule to be established by NMFS.

14. MODIFICATION OF HARVESTING RULES: Members acknowledge that from time to time, the Sector Manager in collaboration with Board of Directors, and at times Membership, may adopt additional requirements or restrictions on the internal reporting requirements or fishing activities of all members in order to ensure effective utilization and management of the Sector's ACE. These modifications may include, but are not limited to, additional notification of planned fishing activity to the Manager, additional internal reporting requirements, gear requirements, and restrictions on locations where fishing may occur during specific times of the year or with specific gear. When such modifications are implemented, all Members will be notified in writing.

Exhibit B:

Sector Membership Fishing Year 2019 (May 1, 2019 to April 30, 2020)

SECTOR MEMBERS: The following table identifies The NEFS IV Members:

| MRI | Permit Number | Vessel Name |
|------------|--------------------------|---------------------|
| 56 | 150564 | LADY OF GOOD VOYAGE |
| 125 | 150722 | DOLPHIN |
| 147 | 151157 | CABARET IV II |
| 200 | 150568 | SAINT JUDE |
| 210 | 151247 | MELISSA SUE II |
| 234 | 150600 | AVALON II |
| 246 | 150592 | ACME |
| 272 | 151247 | MELISSA SUE II |
| 356 | 150560 | LADY OF THE ROSARY |
| 358 | 150926 | JOSEPH AND LUCIA |
| 432 | 150590 | ST FRANCIS |
| 444 | 150513 | HOLY FAMILY |
| 467 | 150479 | OVER THE HORIZON |
| 468 | 150621 | ST GEORGE |
| 476 | 150582 | ST STEPHEN |
| 498 | 149675 | JUNE |
| 502 | 150550 | SANTA LUCIA |
| 505 | 150781 | CAPE MAY |
| 588 | 320567 | CATERINA G |
| 594 | 241218 | ENDEAVOR |
| 665 | 150914 | MISS JUDITH II |
| 684 | 150762 | LADY IN BLUE |
| 794 | 150929 | CHARLOTTE G II |
| 868 | 150749 | LEVIATHAN |
| 985 | 150784 | TEXAS |
| 1011 | 150802 | VINCIE N |
| 1263 | 150546 | ST BERNADETTE |
| 1279 | 150527 | ST VICTORIA |
| 1288 | 150659 | SEA SKIFF III |
| 1320 | 150659 | BONAVENTURE |
| 1332 | 150532 | ST MARY |

| | | |
|------|--------|---------------------|
| 1365 | 150589 | BLUE WATERS |
| 1447 | 150827 | KATIE D |
| 1491 | 150600 | BLUE SURF |
| 1530 | 150539 | ST JOSEPH |
| 1551 | 150592 | DOLORES J II |
| 1650 | 150512 | ST NICHOLAS |
| 1709 | 150531 | HOLY CROSS |
| 1712 | 150553 | SANTA MARIA |
| 1770 | 127576 | SASQUATCH |
| 1812 | 150666 | CURLEW |
| 1855 | 150589 | SKIFF III |
| 1867 | 150669 | JEAN D ARC |
| 1880 | 150789 | CAPE COD |
| 1967 | 150544 | ST ROSALIE |
| 2004 | 150514 | ST PETER |
| 2023 | 150523 | OUR LADY OF FATIMA |
| 2044 | 150789 | LITTLE HUNTER III |
| 2112 | 150564 | LADY OF GOOD VOYAGE |
| 2356 | 150551 | MOTHER & GRACE |
| 2678 | 151157 | AMERICAN EAGLE |
| 2739 | 151254 | THERESA R |
| 4304 | 150781 | STEPHANIE LYNN II |

1
2
3
4
5
6
7
8
9
10
11

ACTIVE MEMBERS: NEFS IV is a lease only sector, there are no active members.

1

2

3

4

Exhibit C:

Sector Membership Fishing Year 2019 (May 1, 2019 to April 30, 2020)

Sector Member and Vessel Permits Amendment 16 Disclosure Requirements Fishing Year 2019 (May 1, 2019 to April 30, 2020)

Sector Members have enrolled all eligible Limited Access Multispecies Permits into the Sector, except for the following:

| Sector Permit is Enrolled in | Owner/Entity | MRI | Permit Number |
|------------------------------|---|-----|---------------|
| | | | |
| 2 | Gloucester Fishing Community Preservation Fund, Inc | 68 | 151165 |
| 2 | Gloucester Fishing Community Preservation Fund, Inc | 843 | 150791 |

Additional Information on federal permits associated with Sector Vessels and Sector Members:

Additional Information on state permits associated with Sector Vessels and Sector Members:

The permits enrolled in NEFS IV do not have any state permits associated with them.

Exhibit D:

Administrative Provisions Addendum:

Notwithstanding regulatory authority granted in other regulations the following provisions represent those sections of **NEFS** IV Agreement and related Exhibits & Addendums that are Administrative in nature and therefore not subject to enforcement by the National Marine Fisheries Service, as required to be specified by sector regulations 50 CFR 648.87(b)(2)(x).

SECTOR OPERATIONS PLAN AND AGREEMENT

1. Sector Name.

2. Sector Eligibility and Membership.

4. Sector Allocation and Exemptions.

5. Distribution of Sector ACE.

6. Sector Manager and Registered Agent.

7. Consolidation Plan.

7.1 Harvest Share Reserve

7.2 Harvest Share Use.

7.3 Harvest Share Transfer.

7.4 Harvesting Rules and Fishing Plan. Section 7.4 is administrative except to the extent that it applies to Harvesting Rules Sections 1, 5, 6, 7, and 11 which are enforceable and therefore not considered administrative under this section.

7.5 Re-direction Of Effort.

7.6 Sector Vessel Interactions with Allocated Species in Non-Amendment 16 Fisheries.

7.7 Consolidation and Redistribution of ACE:

8. Release of Catch Data.

9. Catch Monitoring and Reporting.

- 1 10. Breach and Remedies for Breach.
- 2 10.1 Liquidated Damages Schedule and Schedule Amendments. NA
- 3 10.2 Enforcement Committee.
- 4 10.3 Liquidated Damages Base Value and Multiplier Adoption. NA
- 5 10.4 Liquidated Damages Calculation. NA
- 6 10.5 Notice to Vessel Masters; Assumption of Liability. NA
- 7 10.6 Liquidated Damages Security. NA
- 8 10.7 Manager Action in Response to Apparent Breach.
- 9 10.8 Member Appeals. NA
- 10 10.9 Voluntary Compliance.
- 11 10.10 Liquidated Damages Collection and Related Expenses. NA
- 12 10.11 Consequential Damages for Gross Negligence or Willful Misconduct. NA
- 13 10.12 Distribution of Damages. NA
- 14 11. Joint Liability and Indemnification.
- 15 12. Membership Termination
- 16 14. Stop Fishing Order; Injunctive Relief. NA
- 17 15. Permit Transfer/Sale.
- 18 16. Release and Waiver of All Claims Against Sector Manager; Indemnification and Hold Harmless.
- 19 17. Sector Membership Fees.
- 20 18. Binding Arbitration.
- 21 19. Amendment and Incorporation by Reference.

1
2
3
4
5
6
7
8
9
10
11
12
13
14

EXHIBIT C
HARVESTING RULES

- 2. QUOTA MANAGEMENT:
- 7. DATA RECONCILIATION:
- 8. RESERVED FOR FUTURE USE:
- 9. DATA MANAGEMENT:
- 12. RESERVED FOR FUTURE USE:

- EXHIBIT B
- EXHIBIT C
- EXHIBIT D
- EXHIBIT E
- EXHIBIT F

Exhibit E: EXPLANATORY ADDENDUM

Per request by NMFS this **explanatory text** is being provided to identify in one location Right of First Offer (“ROFO”) and Right of First Refusal (“ROFR”). ROFO and ROFR are two separate and distinct provisions that deal with harvest share transfers and permit sales, respectively; it is inaccurate to construe them as meaning the same thing. Nothing within this explanatory addendum should be considered as part of the Sector governing documents which the Members have agreed to follow, all questions regarding these provisions should be directed to their respective sections in the governing documents:

§ 7.3 Harvest Share Transfers: Right of First Offer i.e. ROFO will be used for intra and inter sector harvest share transfers.

§ 15 Permit Transfer/Sale: Right of First Refusal i.e. ROFR will be used for permit sales or transfers.

1 **Exhibit F: INFORMATIONAL ADDENDUM**

2 Per request by NMFS the table below identifies specific points of contacts and their responsibilities, which the Agency may utilize to determine
3 appropriate communication stream for inquiries.

| Sector Communications Contacts | | | | | Mailing Address | | | |
|--------------------------------------|--|---|-------|-------|-----------------|------|-------|-----|
| Name | Title | Responsibility | Email | Phone | Street 1 | City | State | Zip |
| Vito Giacalone /Paula Sullivan | Manager/Administrative Assistant | Day-to-Day Sector Operations | | | | | | |
| Elizabeth Etrie/Vito Giacalone | Program Director, Northeast Sector Service Network | Data Management i.e. questions regarding software systems utilized by Sector for Weekly Report Computation | | | | | | |
| Vito Giacalone /Paula Sullivan | Manager/Administrative Assistant | Reporting i.e. vessel reporting requirements involving sector trips. | | | | | | |
| Jackie Odell/Vito Giacalone | Executive Director, Northeast Seafood Coalition | Policy | | | | | | |
| OR Owner of F/V | Manager OR Owner of F/V | Sector Specific Research; Fishing Vessel specific research is vessel specific, contact vessel | | | | | | |
| Vito Giacalone /Paula Sullivan | Manager/Administrative Assistant | Sector Specific Outreach | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

4

5

1 **EXHIBIT G: FY 2020(MAY 1, 2020-APRIL 30, 2021) Operations Plan Updates**

2 [To be completed in accordance with NMFS schedule for year two, FY 2020 (May 1, 2020 – April
3 30, 2021) of the Sectors Bi-Annual Operations Plan and Agreement